February 9, 2011

Pastor Ron Aulbach
Bridgeway Community Church
6585 Belding Road, NE, Suite C
Rockford, Michigan 49341

RE: Redevelopment Cost Estimate for:
Rockford Paperboard, Inc. Property
7700 Childsdale Avenue, NE
Plainfield Township, Kent County, Michigan
DEC Project No: 10-06-008b

Dear Mr. Aulbach:

Dixon Environmental Consulting, Inc. (DEC) has prepared the following cost estimate to facilitate certain redevelopment activities at the above referenced property. The vacant Rockford Paperboard, Inc. Property is located at 7700 Childsdale Avenue, NE, Plainfield Township, Kent County, Michigan. The tax parcel identification number for the 17.58-acre subject site is 41-10-02-400-012. The subject site consisted of a vacant paper mill building with ancillary equipment, parking areas, lawn areas and wooded areas adjacent to the Rogue River.

Based on the research conducted during the Phase I ESA, the subject site was initially developed as a saw mill in 1848. The saw mill area was referred to as Gibraltar. The saw mill was subsequently abandoned and was purchased with 200 acres in the surrounding area by Henry Baxter Childs in1866. The area was identified as Childs' "dale" after the owner and valley in which the area resided. The saw mill was modified by Mr. Childs and a dam was constructed adjacent to the property on the Rogue River. Paper production began at the subject site in 1867. In 1868, the paper mill at the subject site was consumed by fire, however, rebuilt and reopened in 1870. Another fire in 1898 allowed the mill to be rebuilt utilizing fire proof material (concrete blocks). The paper mill business commenced operating again in 1899 and was identified as the Childsdale Strawboard Mills. By 1911, the company name had changed to the Childsdale Board & Paper Co. Following several periods of inactivity during the 1920's and 1930's, the mill was purchased by Mr. Herman Gumblin in approximately 1940. The subject site was operated by the Rockford Paper Company for box/carton production using waste/recycled paper products. In September 1986, heavy rainfall caused the failure of the Childsdale Dam. The box/carton production operations, however, continued at the subject site through 2001. The current owner, Rockford Paperboard, Inc. purchased the subject site in January 1999. The subject site has been vacant for several years.

Without demolition and removal of the older obsolete structures, the papermill building structures cannot be feasibly redeveloped. The current building structures occupy a total of approximately 105,000 square feet. The western 61,000 square feet of the building was historically dedicated to pulping, processing and machining of the paper products. The western portion would be difficult to redevelop into functionally useable space. Numerous irregular shaped rooms constructed over various time periods occupy this area. Some of the rooms are set at different elevations and include processing lines where pits and linear trenches also would represent significant consideration to any redevelopment plan. The most feasible approach would include demolition of this obsolete portion of the subject building.

The eastern 44,000 square feet of the facility was constructed more recently. The floor plan also includes open space for warehousing and storage. Demising and redeveloping this portion of the building into functionally useable space(s) appears more feasible. The eastern 44,000 square feet could be redeveloped using the existing structure.

Based on the results of the Phase I ESA, environmental issues, predominantly relating to the historical operations and building infrastructure, were identified as a potential concerns to any redevelopment plan. DEC encountered the following environmental issues during the Phase I ESA:

- A subsurface environmental investigation was conducted at the subject site in 1982. The environmental investigation included the installation of five shallow monitor wells at the subject site. The groundwater samples were collected from the monitor wells in Fall 1982, May 1985 and April 1989. The chemical analysis results identified concentrations of aluminum, chloride, iron, sodium and zinc in excess of the current PA 451, Part 201 Generic Residential Cleanup Criteria (GRCC). The elevated inorganic metallic and anion parameters identified in the shallow groundwater aquifer at the subject site were identified as a recognized environmental condition (REC).

- Based on the Kent County Health Department records, the potable water supply well at the subject site was sampled and chemically analyzed in June 1986, July 1986, February 1988, May 1989, July 1989 and October 1989. The chemical analysis results also identified concentrations of iron and chloride in the potable water well (160 to 190 feet below grade) in excess of the current GRCC. The elevated inorganic metallic and anion parameters identified in the deep groundwater aquifer at the subject site were identified as an REC.

- The historical operations at the subject site included a wood mill, a paper mill and a paperboard mill. The specific operations included the use of electrical substations,

beater pits, pulp tanks, sludge pits, bleaching, paper/paperboard machines, paint/clay coating equipment, dryers, a chemical storage room, a clarifier system and large boilers. DEC observed standing oil and water in pits within the paperboard machine room. Two historical releases of unknown liquids were also documented at the former raceway/raceway pond located along the river. The remote fill for the paint system was also unprotected from spills or overfills during paint deliveries. The potential exists for the historical industrial operations to have adversely impacted the subject site. The historical operations at the subject site were identified as an REC.

- Several railroad spurs were formerly located at the subject site. The railroad spurs were located along the northern side of the building. An additional spur traversed the central portion of the subject site. The potential exists for hazardous substances including grease, solvents, lubricants, coal, diesel fuel or other mishandled chemicals to have impacted the soils beneath the railroad line. In addition, materials historically utilized to construct the railroad ballast often included incinerator cinders or slag. Cinders and slag often contain elevated concentrations of polynuclear aromatic hydrocarbons (PNAs) and heavy metals. The former railroad spurs at the subject site were identified as an REC.

- A coal bin area was formerly located along the northern side of the boiler rooms. The coal boiler was subsequently replaced with a natural gas boiler, however, the coal boiler was not removed. DEC understands residual coal is located in the coal bin area. The potential exists for the former coal storage operations to have impacted the underlying soil and groundwater with PNAs and heavy metals. The coal storage area at the subject site was identified as an REC.

- Two underground storage tanks (USTs) were formerly located on the northern portion of the subject site. The USTs were removed in March 1998. The contents of the USTs were noted as kerosene and turpentine. No obvious indications were noted by the consultant conducting oversight and the closure soil samples were analyzed for polynuclear aromatic hydrocarbons (PNAs) and diesel range organic compounds (DROs). No detectable concentrations of PNAs or DROs were detected in the closure samples collected from the UST area. Based on the Health Department file, however, a gasoline and a diesel UST were formerly located 275 feet from the potable well at the subject site. Based on the location, DEC anticipates that the USTs were utilized for fueling vehicles (gasoline and diesel fuel) rather than as part of the operations (kerosene and turpentine). Otherwise, there may be an additional two USTs that exist at the subject site. The potential exists for USTs to exist and residual environmental impact associated with the operation of the USTs to be present at the subject site. The USTs were identified as an REC.

- Two aboveground storage tanks (ASTs) were formerly located at the subject site. The ASTs were utilized for storing gasoline and diesel fuel. The locations of the ASTs were unprotected with no secondary containment from overfills or leakage. The potential exists for the historical fueling operations to have impacted the underlying soil and groundwater. The former AST fueling areas at the subject site were identified as an REC.

- DEC observed evidence of fill material located along the slope of the flood plain area. The fill material primarily consisted of concrete, cinder blocks, bricks and steel. In addition, DEC observed two empty rusted drums within the fill material. Based on the observations, the potential exists for the fill material to be impacted with various hazardous substances. An additional area of potential fill material was depicted on the eastern portion fo the subject site in the 1970's. The use of fill material at the subject site was identified as an REC.

- Several electrical substations and transformers existed on the subject property. DEC understands the substation and transformers were removed several years ago. During the removal activities, an undocumented quantity of soil was also removed from under the transformers. The dielectric oil in electrical transformers commonly contained polychlorinated biphenols (PCBs) during the operational era of the mill. The historical use of electrical equipment (potentially containing PCBs) was identified as an REC.

- The historical paper mill operations included the use of various seepage ponds and spray fields located to the north, northeast and east of the subject site. The historical analysis of the sludge at these sites revealed the presence of acetone, aluminum, arsenic, barium, benzoic acid, 2-butanone, butybenzylphthalate, chromium, copper, di-n-butylphthalate, iron, lead, magnesium, manganese, 4-methylphenol, potassium, sodium, toluene and vanadium. The potential exists for the seepage ponds and spray fields to have impacted the soil and groundwater in the area. Based on the proximity of the subject site and the anticipated groundwater flow direction to the Rogue River, the former seepage ponds and spray fields were identified as an REC.

- During the site reconnaissance, oil and standing water were observed in the former drying machine pits and trenches. DEC recommended removing and properly disposing of the oil within the machine pits at the subject site.

- Various containers were observed at the subject site during the site reconnaissance. The containers included 17 55-gallon plastic drums, approximately 60 55-gallon steel drums, six 30-gallon plastic drums, 10 225-gallon totes, 24 1-

gallon pails, 25 5-gallon buckets, approximately nine boxes of dye, eight bags of polyethylene glycol and various aerosol cans. DEC recommends removing and properly disposing of the containers located at the subject site.

- Five monitor wells and a potable well were identified at the subject site. The monitor wells were formerly a portion of a groundwater investigation at the subject site. If the wells will not be utilized in the future, then DEC recommends closing the potable well and the monitor wells in accordance with the appropriate guidelines.

- Based on the previous Phase I ESA, limited asbestos sampling was conducted within the building structure at the subject site. The sampling revealed several types of asbestos containing materials within the building structure. DEC recommends conducting a comprehensive asbestos survey to assess the potential for asbestos containing material (ACMs). If ACMs are encountered then a licensed abatement contractor should be retained to remove and dispose of ACMs prior to the demolition of the building structure.

- Hazardous Building Components including mercury switches and thermostats, polychlorinated biphenol (PCB) light ballasts, high intensity discharge (HID) lamps using mercury vapor, fluorescent light bulbs and lead-acid and nickel cadmium batteries in emergency lighting, represent additional consideration during any prospective demolition activities. The Hazardous Building Components should be removed and disposed prior to demolition.

SCOPE OF WORK CONSIDERATION FOR REDEVELOPMENT

DEC has prepared the following cost estimate summary to address the redevelopment concerns identified above. These expenditures would appear necessary for any future development to occur at the subject site. None of the costs represented below include improvements.

Task 1: Continuing Environmental Due Diligence under Michigan PA 451, Part 201

A Phase I ESA was previously conducted for the subject site. The Phase I ESA identified recognized environmental conditions (RECs), which were also summarized above. Any prospective purchaser or operator at the subject site would wish to assess the soil and groundwater conditions and establish protection from assuming the clean up response activities, as identified under Michigan Public Act 451, Part 201, as amended (Part 201).

The prospective owner/operator will want to continue with a comprehensive Phase II Environmental Site Assessment (ESA). The Phase II ESA will include soil and groundwater

sampling and chemical analysis, where the general characterization of the site can be determined. The Phase II ESA will likely confirm that the subject site is a "facility" under Part 201, where a Baseline Environmental Assessment (BEA) would be advised for the prospective purchaser/operator. In addition, the Phase II ESA data can be used to assess Due Care issues and assist in developing a plan to respond to any potentially unacceptable exposure to hazardous substances encountered in the soil/groundwater. The owner/operator should also maintain a written Due Care Analysis and Plan that reviews the potential routes of exposure and offers a plan to abate any unacceptable exposures. The remaining environmental due diligence activities are summarized in Task 1 of the cost estimate summary table.

Task 2: Abandoned Containers and Hazardous Building Materials Disposal

Based on the site reconnaissance, numerous containers were observed throughout the facility. The containers included: 17 55-gallon plastic drums, approximately 60 55-gallon steel drums, six 30-gallon plastic drums, 10 225-gallon totes, 24 1-gallon pails, 25 5-gallon buckets, approximately nine boxes of dye, eight bags of polyethylene glycol and various aerosol cans. Many of the containers were filled or partially filled. In addition, DEC observed machine oil in trenches and pits within the production area.

The potential for hazardous building materials including: mercury switches and thermostats, polychlorinated biphenol (PCB) light ballasts, high intensity discharge (HID) lamps using mercury vapor, fluorescent light bulbs and lead-acid and nickel cadmium batteries in emergency lighting exists within the subject building. DEC advises that the hazardous building materials should be removed and disposed prior to any demolition activities.

Task 3: Asbestos Survey

Based on the age of the subject building and the results of an historical Limited Asbestos Survey, asbestos containing materials (ACMs) exist withing the subject building. DEC recommends conducting a comprehensive asbestos survey to assess the conditions and document locations, quantities and conditions of ACMs. The asbestos survey will also be necessary document prior to any future renovation or demolition activities.

The asbestos survey should be conducted by a State of Michigan accredited and trained building inspector. The asbestos survey should include the collection and analysis of representative samples from the suspect or potential asbestos containing material (ACM). The bulk samples will be analyzed by an independent laboratory using Polarized Light Microscopy.

After the results are received, DEC will prepare a summary report identifying any ACMs, the friability and the condition of the materials. A detailed diagram of the building structure with sample locations will also be included in the report.

Task 4: Asbestos Abatement

Based on the results of the Asbestos Survey conducted under Task 3, asbestos abatement activities will be advised to remove any positive asbestos containing materials (ACMs). A previous Limited Asbestos Survey was conducted, however, the details of the report did not identify specific locations or areas. The Limited Asbestos Survey did support that ACMs were present on the property.

The asbestos abatement activities should be conducted by a licensed and insured contractor with proper personnel training for their employees.

Although the exact scope of work for the asbestos abatement is unknown, an estimate is included for budgetary consideration.

Task 5: Potable Well and 5 Existing Monitor Well Abandonment

During the Phase I ESA, DEC identified that the current potable water well at the site is impacted with iron and chloride. Municipal water service is available to the subject site and should be used for any future development. The existing potable well should be permanently abandoned and closed. A licensed Michigan Water Well driller should be used to abandon the well and document such activities.

In addition, five historical monitor wells were identified in previous reports on the subject site. DEC identified two of the wells during the site reconnaissance, however, snow limited observations of the ground surface elsewhere across the property.

Abandoned or unused wellheads represent potential direct conduit risks to the subsurface aquifer. If the wellhead is damaged, open or tampered with, the well casing can serve as an efficient means to allow surface contamination to directly impact the aquifer. Once the aquifer is impacted, the contamination can affect the nearby surface water body.

Task 5 is presented as a measure to permanently abandon these wells.

Task 6: Demolition Activities

The western 61,000 square feet of the industrial building is not feasible to redevelop. After the abandoned containers, hazardous building materials and asbestos have been properly

characterized and abated, demolition activities can be conducted. The eastern 44,000 square feet of the industrial building will be left intact for future redevelopment. The partitions for offices, residual equipment and interior residual products will be removed and disposed within the 44,000 square foot portion of the building.

The demolition activities will also include removing the historical clarifier and oscillator tanks near the southwestern corner of the subject building. Miscellaneous boilers, piping, and other obsolete/abandoned equipment will also be included in the demolition activities. Utility service piping will be plugged and capped, where encountered. In addition, six inches of granular sand material and seeded topsoil will be installed on the grade surface once the demolition activities are complete.

Task 7: Contingency - Due Care Response Actions

The potential exists for the Phase II ESA sampling and chemical analysis results to support that an unacceptable exposure to certain hazardous substances in the soil or groundwater may exist. The owner/operator may find it necessary to conduct additional response activities to prevent or eliminate a potential pathway of exposure. Response actions could include removing and disposing of significantly impacted soil, placing cover soil over the affected area to mitigate exposure, or providing another engineering control feature to abate the exposure. The contingency cost for this task is based on limited areas of unacceptable exposure and is included for budgetary consideration.

COST

The total budgetary cost is estimated at $450,000. The details of the cost analysis are presented in the attached table and described above.

Please contact us with any questions related to the project or this proposal.

Sincerely,

DIXON ENVIRONMENTAL CONSULTING, INC.

James E. Dixon, P.E.
Principal Engineer

ATTACHMENTS

Property/Building Detail Diagram
Redevelopment Cost Estimate Table

NOTES

DEC PROPOSES TO COLLECT ONE GROUNDWATER SAMPLE FROM THE POTABLE WELL.

DEC PROPOSES TO COLLECT ONE GROUNDWATER SAMPLE FROM THE FOLLOWING EXISTING HISTORICAL MONITOR WELLS: MW-1, MW-2, MW-3, MW-4 AND MW-8 IF THEY CAN BE LOCATED.

CHILDSDALE AVENUE, NE

PSB

UST

WOODED AREA

WOOD SHOP

OFFICE AREA

WAREHOUSE

PW

FINISHING ROOM

REMOTE FILL FOR PAINT TANK

MAINTENANCE AREA

G-AST

COAL BIN AREA

OLD BOILER ROOM

NEW BOILER ROOM

WESTERN 61,000 SQUARE FEET

EASTERN 44,000 SQUARE FEET

PAPERBOARD MACHINE ROOM (PITS CONTAINING OIL)

PULPING AREA

CHEMICAL STORAGE AREA

CUTTER AREA

SHIPPING AND RECEIVING AREA

PARKING AREA

CLARIFIER

PH

GT

OSCILLATOR

RACEWAY POND

SUBSTATION

STORAGE AREA

ROGUE RIVER

FORMER RACEWAY

WOODED FLOOD PLAIN AREA

D-AST

ACCESS DRIVE

FORMER PAD-MOUNTED TRANSFORMERS

EVIDENCE OF FILL MATERIAL

PMTS (3)

SLOPED AREA

LEGEND

- PROPERTY BOUNDARY
- APPROXIMATE LIMITS OF WOODED AREA
- PH — PUMP HOUSE
- GT — GRIT TANK
- PMTS (3) — THREE CONSUMERS ENERGY POLE-MOUNTED ELECTRICAL TRANSFORMERS
- FORMER RAILROAD SPUR
- EXTRAPOLATED FORMER RAILROAD SPUR
- PW — POTABLE WELL IMPACTED WITH IRON AND CHLORIDE
- UST — APPROXIMATE FORMER UNDERGROUND STORAGE TANK AREA
- G-AST — APPROXIMATE FORMER GASOLINE ABOVEGROUND STORAGE TANK LOCATION
- D-AST — APPROXIMATE FORMER DIESEL ABOVEGROUND STORAGE TANK LOCATION
- PSB — PROPOSED SOIL BORING LOCATION

NOTES:

THIS DIAGRAM IS NOT A LEGAL SURVEY.

FEATURES IN RED DENOTE RECOGNIZED ENVIRONMENTAL CONDITIONS.

APPROXIMATE SCALE: 1" = 60'

0' 30' 60' 120'

1560 North Taylor Avenue Grand Rapids, MI 49505
DIXON ENVIRONMENTAL CONSULTING, INC.

REDEVELOPMENT COST ESTIMATE

FIGURE 1 - PROPERTY/BUILDING DETAIL DIAGRAM

NORTH

ROCKFORD PAPERBOARD PROPERTY
7700 CHILDSDALE AVENUE, NE
PLAINFIELD TOWNSHIP, KENT COUNTY, MICHIGAN

PROJECT NUMBER: 10-06-008B

DATE: FEBRUARY 9, 2011

Redevelopment Cost Estimate
Rockford Paperboard, Inc. Property
7700 Childsdale Avenue, NE
Plainfield Township, Kent County, MI
DEC Project Number: 10-06-008b

Task 1: Remaining Environmental Due Diligence Activities under PA 451, Part 201

Soil and Groundwater Sampling and Chemical Analysis	$33,865.00
Phase II ESA Report Preparation and Project Management	4,880.00
Baseline Environmental Assessment	2,000.00
Due Care Analysis and Plan	$ 2,000.00
Task 1 Subtotal	**$ 42,745.00**

Task 2: Abandoned Containers and Hazardous Building Materials Disposal

Abandoned Containers and Oil within Pits Removal and Disposal	40,000.00
Hazardous Building Materials Removal and Disposal	10,000.00
Task 2 Subtotal	**$ 50,000.00**

Task 3: Asbestos Survey

Measuring, Sample Collection, Analysis and Reporting	$9,500.00
Task 3 Subtotal	**$ 9,500.00**

Task 4: Asbestos Abatement

Asbestos Abatement (Budgetary Number)	$ 40,000.00
Task 4 Subtotal	**$ 40,000.00**

Task 5: Potable Well and 5 Existing Monitor Well Permanent Abandonment

Well Abandonment, Closure and Documentation	$ 15,000.00
Task 5: Subtotal	**$ 15,000.00**

Task 6: Demolition Activities

Entire Western 61,000 square feet raze and dispose	175,000.00
Clarifier and Oscillator Tanks	45,000.00
Interior of Eastern 44,000 square feet	20,000.00
Task 6: Subtotal	**$ 240,000.00**

Task 7: Contingency for Due Care Response Action

Due Care Soil Removal/Disposal/Cover (Budgetary Number)	$ 50,000.00
Task 7 Subtotal	**$ 50,000.00**

REDEVELOPMENT COST ESTIMATE (TOTAL)	**$ 447,245.00**